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CIN : U31100MH1984PLC032825

## POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

### 1. GENERAL:

Explanation to Regulation 16(1)(c) SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“**Listing Regulations**”) requires a listed entity to formulate a policy for determining material subsidiary.

As per the said regulation, “material subsidiary” means a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

The Explanation to the above regulation empowers the Board to define any additional criteria to decide a material subsidiary in the context of any peculiar position of the company. Regulation 24 of the Listing Regulations mandates certain additional compliance in respect of material subsidiary companies.

In terms of the said requirements, the Board of Directors of the Company has formulated a policy for determining “material subsidiary”.

Pursuant to regulation 46(2) of the Listing Regulations, the listed entity is required to disclose the policy on material subsidiaries on its website and a web link thereto shall be provided in the Annual Report.

### 2. DEFINITIONS:

“Act” means the Companies Act, 2013 including any statutory modifications or re-enactment thereof.

“Board of Directors” or “Board” means the Board of Directors of Powerica Limited; as constituted from time to time.

“Company” means Powerica Limited.

“Holding Company”, in relation to one or more other Companies, means a Company of which such Companies are Subsidiary Companies.

“Independent Director” means a director appointed on the Board of the Company as Independent Director and who fulfils the required criteria under the Listing Regulations as applicable from time to time.”

“Subsidiary Company” means Subsidiary Company as defined under Section 2(87) of the Act and the rules made there under.

“Significant transactions or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of total revenues or total expense or total assets or total liabilities, as the case maybe, of the material unlisted subsidiary for the immediately preceding accounting year.

**3. CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARIES:**

- (i) At least one independent director on the Board of the Company shall be a director on the board of directors of an unlisted material Subsidiary Company, incorporated in India.
- (ii) The Audit Committee of the Company shall also review the financial statements, in particular the investments made by the unlisted Subsidiary Company;
- (iii) The minutes of the board meetings of unlisted Subsidiary Company shall be placed at the board meeting of the Company;
- (iv) The Management of the unlisted Subsidiary Company shall periodically bring to the attention of the board of directors of the listed holding company a statement of all Significant Transactions and arrangements entered into by the unlisted Subsidiary Company;
- (v) The Company shall not dispose of shares in its material Subsidiary Company which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50%, or cease the exercise of control over the subsidiary, without passing a special resolution in its General Meeting, except in cases where such disinvestment is made under a scheme of arrangement duly approved by the Court/ Tribunal.
- (vi) The Company shall not sell, dispose or lease assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during the financial year without prior approval of the shareholders by way of passing special resolution in its General Meeting, unless the sale/disposal/ lease is made under a scheme of arrangement duly approved by Court/ Tribunal.

**4. INTERPRETATIONS:**

Any words used in this Policy but not defined herein shall have the same meaning attributed to it under the Companies Act, 2013 or Rules made there under, SEBI Act or rules and regulations made thereunder.

**5. DISCLOSURE:**

This Policy shall be placed on the Company's website and a web link shall be provided in the annual report.

**6. REVIEW AND AMENDMENTS**

The policy has been approved by the Board of Directors of the Company. The Board and/or Audit Committee may, as and when it deems appropriate, review this policy. This policy is being formulated keeping in mind the applicable laws, rules, regulations and standards in India. If there is an amendment in such laws, rules, regulations and standards, then this Policy shall be deemed to have been amended to the extent of such amendment. Conversely, if due to subsequent amendment in the statutory provisions, this Policy or any part hereof becomes inconsistent, such amended statutory provisions shall prevail and this Policy shall be deemed to be amended to that extent.